



Department of Energy

Washington, DC 20585

March 11, 2005

MEMORANDUM FOR DISTRIBUTION

FROM:

Helen O. Sherman
HELEN O. SHERMAN, DIRECTOR
OFFICE OF FINANCIAL MANAGEMENT

SUBJECT:

CONTRACTOR PENSION OBLIGATIONS - FY 2005 PENSION
INFORMATION REQUEST

The Department will continue to follow the requirements of Financial Accounting Standards Board (FASB), Statement No. 87, "Employers' Accounting for Pensions," of December 1985, for measuring and recognizing contractor pension obligations. In this regard, the requirements contained in the attached "Department of Energy Pension Benefit Plans, 2005 Fiscal Year Information Request," (information request) are applicable to any DOE contractor, whether or not a management and operating contractor, for which the Department has a continuing pension obligation. Your submissions will be reviewed by Headquarters and used in the development of yearend accrual estimates, as well as consolidated Departmental disclosures in accordance with the requirements of FASB Statement No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits." **A copy of the information request should be forwarded to applicable contractors immediately to allow sufficient time to complete the required reporting schedules.**

The required standardized assumptions contained in the information request have been reviewed and updated as needed (e.g., **required discount rate selected is 5.75%**). Also, the FY 2005 information request provides, as attachments, a copy of any FY 2004 individual contractor memoranda developed by Chet Andrzejewski of Aon Consulting, Inc. regarding any additional information requested as a result of the FY 2004 review process and applicable individual contractor disclosure sheets, "9/30/2004 Disclosure Information under FAS Statement No. 87." These disclosure sheets contain information needed for the completion of the FY 2005 information request. For example, the amount on Line D.5, "9/30/2004 Prepaid/(Accrued) Pension Benefit Cost," of the attached disclosure sheet(s) must be used on Table A-1, Line D.1, "Prepaid/(Accrued) Pension Cost at 9/30/2004," of the information request.

As required in previous information requests, the pension estimates must be developed by the contractors through the use of qualified actuarial support. Two (2) hard copies of the completed submissions should be forwarded to the Office of Financial Policy (ME-11) and one (1) hard copy to our Headquarters consulting actuary, Chet Andrzejewski, Aon Consulting, Inc., 111 Market Place, Baltimore, Maryland 21202, by May 23, 2005. A diskette containing the attached reporting schedules and standardized assumptions has also been attached. One completed copy of the diskette using the prescribed formats (**Microsoft Word 2000 and**



Microsoft Excel 2000) must be included with each contractor submission to ME-11 and to Aon Consulting, Inc. Any significant deviation from the information request requirements must be justified in writing and submitted to ME-11 for concurrence prior to processing the valuations. Please note that due to the accelerated schedule for audited Departmental financial statements, it is imperative that the completed submissions and any additional yearend information be provided to ME-11 and to our Headquarters consulting actuary on or before the due dates specified in the information request.

Procedures established by the Energy Finance and Accounting Service Center (EFASC) shall be followed for recording the pension liability or asset. (EFASC procedures for recording unfunded liabilities can be found at <http://www.cfo.doe.gov/efasc/frad/UnfundedLiabilities.pdf>.) It should also be noted that adjustments to the accrual estimates may be required to reflect minimum liability requirements and any additional information that becomes available by yearend (e.g., updated asset information on Table A-6 required by August 24, 2005).

Please forward the name, phone number, fax number, and e-mail address of a point of contact to ME-11 by March 31, 2005. If you or your staff should have any questions concerning this memorandum, please contact Michael Lynch of my staff on (202) 586-6894.

Attachments

bcc:

M. Kane, NA-60

N. Miller, NE-10

C. Roy, FE-3

R. Delorenzo, SC-63

B. Heffernan, EM-31

D. Smith, EE-3B

S. Michelsen, ME-63

R. Loyd, ME-12

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OFP

Originator:ME-11:Lynch:3/2/05 G:PEN-05.wpd

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March 7, 2005